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THE INDICATORS FROM THE FINANCIAL STRUCTURE OF THE BALANCE SHEET

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Abstract: *The competition frame of the market economy determines the businesses, which don't manage to impose themselves through quality, competitiveness and efficiency, and for whom there is not possible a straightness in permissible terms, to become insolvent and, therefore, to be eliminated from the „arena” of the economical life.*

According to these circumstances, any form is interested, in its highest degree, to obtain detailed information regarding the economic-financial indicators obtained in a financial exercise. These indicators can be calculated on the basis of the data contained in the annual balance sheet, by regrouping and restructuring the positions from the balance sheet, the results account and the appendix form the balance sheet.

The main category of analysing indicators that can be calculated is referring to the indicators of financial structure.

The financial structure indicators are established as a relationship between a post or a group of active posts and the total of the balance sheet, as well as a relation between the active and passive elements, respectively liabilities and assets.

Different ways of calculation determine the grouping of structural indicators in three categories:

- Structural indicators of the assets;
- Structural indicators of the liabilities;
- Structural indicators of the balance sheet.

Structural indicators of the assets

Reflect aspects regarding the patrimony of the material values of the enterprise and lesser elements of financial politics. Studying these indicators we might obtain information connected to capital liquidity, respectively the ability of the enterprise to transform the assets that it has into liquidities.

The most important structural indicators of the assets are:

- The rate of the fixed assets;
- The rate of the circulating assets.

a) *The rate of the fixed assets* expresses the share of the total patrimony of the material values used permanently in the enterprise and it's calculated as a report between the net fixed assets and total assets.

$$\text{The rate of the fixed assets} = \frac{\text{netassets}}{\text{totalofassets}} \times 100$$

Mostly the level of this rate is equal or bigger of 60% and it measures the degree of capital investment.

Taking into consideration the structure of property, in practice there are used two complementary rates:

➤ The rate of tangible assets is calculated as a report between tangible assets and total assets, measuring the enterprise ability to resist to a crisis or to develop according to technical changes or market demands.

➤ The rate of financial assets is calculated as a relation between the financial assets and the total assets, measuring the intensity of the financial connections that the enterprise has established with other economic agents.

$$\text{The rate of the financial assets} = \frac{\text{financial assets}}{\text{total of assets}} \times 100$$

b) The rate of circulating assets expresses the share of the circulating assets in the total of the assets of the enterprise.

$$\text{The rate of the circulating assets} = \frac{\text{circulating assets}}{\text{total of assets}} \times 100$$

According to the structure of the circulating assets it can be determined the following complementary rates:

➤ Stocks rate is calculated as a report between the stocks and the assets total.

$$\text{Stocks rate} = \frac{\text{stocks}}{\text{total of assets}} \times 100$$

The increase of the stocks rate is justified only under the conditions in which there is an increase in the activity volume, otherwise there is the sign of an economic inefficiency. It is true that an economic conjuncture dominated by the existence of a strong inflationary pressure may determine an increase in the stocks rate without being accompanied by a corresponding increase in the volume of activity, but even in this case, the gap should not be made permanent, because it can generate some financial difficulties.

➤ The rate of commercial debts expresses the share of the debts in the assets total.

$$\text{The rate of the commercial debts} = \frac{\text{debts}}{\text{total of assets}} \times 100$$

The analysis of the debts may be deepened taking into account the analytical aspects of the debts, namely:

➤ The nature of the debts, according to which we distinguish:

- Debts connected to the cycle of exploitation;
- Different debts.

➤ Ruling payment deadlines, resulting the following types of debts:

- Claims with the payment deadline less than 30 days;
- Claims with the payment deadline less than 60 days;
- Claims with the payment deadline less than 90 days.

➤ Degree of achievement (recovery) of the claims, depending on which may appear:

- Certain claims;
- Uncertain claims.

➤ The rate of available cash and investments express the share in cash and investments in the total of the assets of the enterprise.

$$\text{The rate of available cash and investments} = \frac{\text{available cash and investments}}{\text{total of assets}} \times 100$$

It can also be followed separately under the form of the available cash rate, respectively the placement rate. The analyse of this rate must be realised attentively because a high rate of the available cash can reflect a favourable situation in terms of financial balance, but it may be the sign of some inefficiently used resources.

Structural indicators of the liabilities

Allow appreciation of the financial policy of the enterprise through the records of some aspects of financial stability, financial autonomy and the indebtedness degree.

The indicators that regard all these aspects are:

a) *The rate of financial stability* it reflects the connection between the permanent capital, steadily available at the disposal of the enterprise and the total patrimony.

We remind the content of the permanent capital, as being made up of equity and obligations of the medium and long term (debts of more than 1 year).

$$\text{The rate of financial stability} = \frac{\text{permanent capital}}{\text{total of liabilities}} \times 100$$

b) *The financial autonomy ratio*

➤ The financial autonomy ratio is calculated as a relation between the proper capital and the total of liabilities.

$$\text{The global financial autonomy ratio} = \frac{\text{equity capital}}{\text{total of liabilities}} \times 100$$

This ratio is better named patrimonial solvency and it differs from one enterprise to another, according to the adopted financial politics. It is difficult to determine a size reference.

For the financial balance it is considered that a rate of the global financial autonomy bigger than 30% is satisfactory, and bigger than 70% indicates a very good financial state of the enterprise.

➤ The rate-term financial autonomy is more significant than the previous one, because the appreciations are more precise by taking into account the structure of the permanent capital.

It can be expressed in two ways:

$$\text{The rate-term financial autonomy} = \frac{\text{equity capital}}{\text{permanent capital}} \times 100$$

1)

In this case the equity capital must represent at least half of the permanent capital, which is the equivalent of a value bigger or equal to 50% or, if we express it as a coefficient, bigger or equal to 0,5 ($\geq 0,5$).

$$2) \quad \text{The rate-term financial autonomy} = \frac{\text{equity capital}}{\text{medium and long term obligations}} \times 100$$

In this case the equity capital must be equal or bigger than the medium and long term obligations, which means a rate-term financial autonomy bigger or equal to 100% (≥ 1).

c) The indebtedness rate

➤The rate of overall indebtedness measures the total share of obligations from the company patrimony.

The total debts of the company are represented by the amount of the medium and long term obligations and short term obligations.

$$\text{The rate of overall indebtedness} = \frac{\text{totaldebts}}{\text{totaloftheliabilities}} \times 100$$

This rate must be sub unitary, the removal of 1 or 100 representing a reduction of the debt of the company, respectively a growth of the financial autonomy. The best value is of 67% (2/3).

➤The rate of indebtedness in term is expressed in two ways:

$$1) \quad \text{The rate of indebtedness in term} = \frac{\text{mediumandlongtermobligations}}{\text{permanentcapital}} \times 100$$

In this case the value of the rate must be smaller than 50% (or $\angle 1$).

$$2) \quad \text{The rate of indebtedness in term} = \frac{\text{mediumandlongtermobligations}}{\text{equitycapital}} \times 100$$

In this case the value of the rate must not overpass 100% ($\angle 1$).

Based on the analytical structures may be other instalments, with the following criteria:

- The nature of the obligations, according to which we distinguish:
 - Obligations related to the cycle of exploitation;
 - Different obligations.
- Obligations maturity, resulting:
 - Debts smaller than 1 year;
 - Debts between 1-5 years;
 - Debts bigger than 5 years.

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